FEBRUARY 18, 1963

Britain,
the Common Market,
and American Agriculture

8 Years of Public Law 480

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

THE UNIVERSITY
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A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

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Including FOREIGN CROPS AND MARKETS

FEBRUARY 18, 1963
VOLUME 1 • NUMBER 7

Shipping P.L. 480 Wheat

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Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington 25, D. C. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $5.50, domestic, $8.00, foreign; single copies are 15 cents. Orders should be sent to the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

DEPOSITED BY THE
UNITED STATES OF AMERICA

BRITAIN, the COMMON MARKET, and AMERICAN AGRICULTURE

Moving bulk lard from ship to tanker

The United Kingdom is the world's largest single importer of farm products. Across the channel which separates this market from the continent of Europe there has been in the making another single market (the European Economic Community) for agricultural commodities whose size will be about 60 percent larger than that of Britain. The development is now 5 years old. But one official has aptly reminded us that "The EEC of today is not a being—it is a beginning."

Political and economic union is the ultimate goal of the Community. The economic union is a fast-growing reality judging by recent events, political integration will not come easily. Looming large in both spheres are agricultural trade and related policy issues. At the core of the issues involved is the question of access to markets—at stake are hundreds of millions of dollars in agricultural trade. And all of this directly affects an area that provides a commercial foreign outlet for nearly one-half the total of U.S. farm product exports for dollars.

In late July 1961, the United Kingdom applied for full membership in the EEC. At the same time, Prime Minister MacMillan pointed out that negotiations for membership would have to consider, among other things, Britain's relationship with the Commonwealth and with trading partners in the European Free Trade Association. Also to be recognized were the needs of British domestic agriculture. For its part, the EEC had already established a common external tariff and was well along with the development of a common agricultural policy. Within this broad framework were some significant differences that made up an important part of the negotiating problem.

It is now well known that some 16 months of negotiations were finally broken off only recently with negative results. The French veto of Britain's application for membership speaks for itself. As such, it is for consideration elsewhere. More to the point here, perhaps, is a brief, comparative review of differences in agricultural programs and policies of the two areas.

Agricultural differences

When the negotiations for U.K. membership began in October 1961, the development of a common agricultural policy for the Community was well on the way. Proposals put forward by the EEC had been considered for some time, and agreement in principle on such a policy was reached in January 1962—3 months after the start of negotiations with the United Kingdom. The work of further developing this policy and of implementing it for specific commodities went on apace with the British talks.

On July 30, 1962, specific commodity marketing regulations went into effect for wheat and wheat flour, feed grains, pork, poultry and eggs, fruits and vegetables and wine. Similar regulations are expected to follow in the near future on rice, dairy products, and beef—with others still to come. In brief, the regulations in effect reflect—among other things—a common agricultural policy that:

(1) Places most products under the administrative control of common marketing authorities,

(2) Aims at a common level of support prices for each agricultural commodity,

(3) Abolishes intra-Community trade barriers,

(4) Relies on a system of variable import levies to make up the difference between world prices and the higher internal price level of the Community for most imported products that compete with the Community's own production.

(5) Controls the level of supplies coming on to the market, and

(6) Finances market operations (including subsidization of necessary exports) through stabilization funds financed by revenues from the variable import levy system.

In contrast, the U.K. market maintains relatively free access for most agricultural commodities. At the base of the British domestic agricultural program is the so-called deficiency payments system. Under this system, prices are permitted to find their own level in the market place, reflecting for the most part world market prices. The difference between this level and the guaranteed price to farmers for most products is covered by a "deficiency payment" to domestic growers. Under this system, too, the consumer is permitted a freer choice of many commodities at prices which reflect the competitive influence of international trade. The cost of deficiency payments appears as a direct item in the budget.

The Commonwealth, EFTA

Another significant element of tariff policy which confronted the negotiators was Britain's special relationship with trading partners in the Commonwealth. Among these, of course, are several of the most important exporters of agricultural commodities—Canada, Australia, New Zealand, as well as other longstanding Commonwealth sources of supply. Under the Ottawa Agreements of 1930, these sources have enjoyed a preferential tariff status in the U.K. market. Membership in the EEC would, of course, have had the effect generally of transferring these preferences over time to the Member States of the Community had Britain been allowed to retain the Commonwealth preference system. As a matter of fact, however, the EEC had made it known early in the negotiations that as part of the price of membership Britain would have to give up the system of Commonwealth preferences. In many cases, where import duties under the common external tariff of the EEC were substantially higher than those in the United Kingdom, there would have been a marked change of present status had the United Kingdom joined.

Another special arrangement to have been considered in the recent negotiations was U.K. membership in the European Free Trade Association (EFTA), which is strictly a customs union with no political implications. The Convention establishing this Association was approved in late November 1959 by 7 European countries (including the United Kingdom) who were dedicated to progress toward freer trade but who were unable—at the time—to accept the full implications of the Rome Treaty which established the European Economic Community.

The EFTA left its members free to choose their own tariff and trade policies toward "outside" countries. Agriculture was also the subject of special treatment, and largely exempted from the main provisions of the Convention. Thus, the questions of U.K. relationships with the Commonwealth and with domestic agricultural programs did not arise. With the foregoing exceptions, however, the United Kingdom was committed to a course of removing tariff and trade barriers on intra-EFTA trade. Tariff dismantlement was on a schedule roughly parallel to that of the EEC.

The effect of suspending negotiations between the United Kingdom and the EEC remains to be seen. It is clear, however, that the development in no way diminishes the importance of striving toward the greatest possible degree of trade liberalization, including trade in agricultural commodities. To the extent that progress can be made toward this goal, the differences which might exist on economic issues will be narrowed.

In an address delivered before the ministerial meeting of the Agricultural Committee of the OECD in Paris last November, Secretary Freeman made it clear that trade liberalization efforts must include agriculture. In outlining official views on trade problems and policies, and in suggesting procedures for arriving at decisions that assure the maintenance of a high level of international trade in farm products, he had this to say:

"First, as provided for in the OECD convention, trading arrangements should be global and nondiscriminatory in character. Existing preferences should be phased out over a reasonable period of time.

"Second, we should like to see trade in the widest possible range of agricultural commodities and foodstuffs regulated by moderate fixed tariffs. Moderate duties constitute the simplest nondiscriminatory method of regulating trade.

"As a third principle, I should like to emphasize the need for nations and economic groupings to act responsibly in developing agricultural income support policies to the end that such policies do not interfere with normal patterns of trade."

Therein lies much of the opportunity afforded to American agriculture by the Trade Expansion Act of 1962.

General de Gaulle Speaks on Agriculture

President de Gaulle of France in his now-famous press conference of January 14 explained his opposition to Great Britain entering the Common Market. His remarks on agriculture —Britain's and the EEC's—follow:

". . . We cannot conceive, and will not conceive, of a Common Market in which French agriculture would not find outlets in keeping with its production. And we agree, further, that of the Six we are the country on which this necessity is imposed in the most imperative manner.

"This is why when, last January, thought was given to the setting in motion of the second phase of the treaty—in other words a practical start in application—we were led to pose the entry of agriculture into the Common Market as a formal condition. This was finally accepted by our partners but very difficult and very complex arrangements were needed—and some rulings are still outstanding.

"Thereupon Great Britain posed her candidature to the Common Market."

". . . What is to be done in order that England, as she lives, produces and trades, can be incorporated into the Common Market, as it has been conceived and as it functions? For example, the means by which the people of Great Britain are fed and which are in fact the importation of foodstuffs bought cheaply in the two Americas and in the former dominions, at the same time giving, granting considerable subsidies to English farmers? These means are obviously incompatible with the system which the Six have established quite naturally for themselves.

"The system of the Six—this constitutes making a whole of the agricultural produce of the whole Community, in strictly fixing their prices, in prohibiting subsidies, in organizing their consumption between all the participants and in imposing on each of its participants payment to the Community of any saving they would achieve in fetching their food from outside instead of eating what the Common Market has to offer. Once again, what is to be done to bring England, as she is, into this system?

"One might sometimes have believed that our English friends, in posing their candidature to the Common Market, were agreeing to transform themselves to the point of applying all the conditions which are accepted and practised by the Six. . . . But the question, to know whether Great Britain can now place herself like the Continent and with it inside a tariff which is genuinely common, to renounce all Commonwealth preferences, to cease any pretence that her agriculture be privileged, and, more than that, to treat her engagements with other countries of the Free Trade Area as null and void—that question is the whole question."

EEC Projects French Grain Output

The Commission of the European Common Market has just released a study which projects French grain production in 1970 at several assumed price levels. This study was made in recognition of the fact that France could increase grain production at a rapid rate if a high price level is adopted by the EEC.

Since the Common Agricultural Policy of the Community calls for a gradual unification of prices in the member countries, and France has the lowest prices in the Community, it is expected that French prices to the farmer will increase. Furthermore, it is expected that if the price to the French farmer increases significantly, the area under grain will also rise. This expectation stems from the fact that at the beginning of the century France had some 12 million acres more in grain than it has now.

The first step in the projection made by the EEC experts was an analysis, on a regional basis, of the potential of France to increase its grain acreage. They concluded that the maximum area that could be returned to grain production was about 4 million acres.

PROJECTED GRAIN PRODUCTION IN FRANCE, IN 1970, AT VARIOUS PRICE LEVELS

All grain	Unit	1957-59 Ave.	Assumptions		
			Constant price; Constant area	"Real" price constant; moderate rise in nominal price	Maximum technically possible [1]
Area	Million acres	22.4	22.4	23.5	26.1
Yield	Tons/acre	.89	1.19	1.22	1.24
Production	1,000 tons	19,981	26,600	28,600	32,300

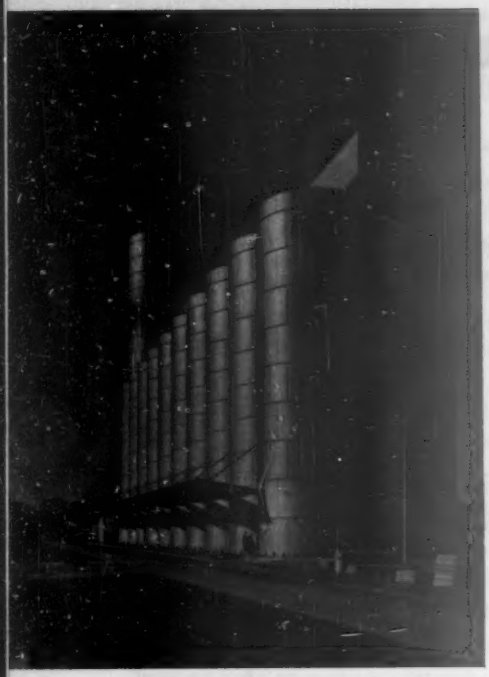
[1] To be reached, this maximum level would require more than a 20-percent increase in nominal prices. (This would mean a grain support price close to the West German level.)

Source: Perspectives 1970, Etude No. 10, 1962 EEC Commission

Next, they arrived at a judgment indicating the price level which would be necessary to return this acreage to grain production. The experts felt that a more than 20-percent increase in French prices would be necessary to increase the grain area by 4 million acres. Such an increase in French prices would appear to mean a grain price near the West German level. Currently, the French producer price for wheat is about $2.15 per bushel, whereas German wheat farmers receive the highest price in the Community, about $2.85 per bushel.

On the basis of these findings, the EEC experts projected French grain production in 1970 at a price level increase of more than 20 percent. Production was also projected using two other price assumptions. One assumption was that there would be no change in price; the other was a moderate rise in French grain prices about equal to the expected rise in

(Continued on page 10)



Now the working tool of our Food for Peace Program, this trade act has built up an impressive record of moving U.S. farm products and helping needy nations around the world

8 YEARS OF PUBLIC LAW 480

Economic development in India is helped by P.L. 480 funds. Top, newly built silo, and right, the Sharavathi Hydroelectric Project.

When the 83rd Congress authorized Public Law 480* in 1954, even the most hopeful of prophets could not have envisioned the list of positive accomplishments of the legislation 8 years hence. Nor could he have foreseen the variety of interests the act would serve in that time.

To nations trying to improve their economies, P.L. 480 has represented a stable food supply plus the availability of $3.6 billion for long-term loans. To disaster areas it has meant emergency relief. To 35 million needy children around the world—in schools, hospitals, child-feeding centers—the program has meant good meals where before there was hunger.

To American farmers producing amounts of food far too great for this country to consume—and to this country's food industries—the program has brought export outlet for over $9 billion worth of agricultural commodities. In the 8 years of P.L. 480, more wheat has moved under this program than the combined harvests of 1961 and 1962.

P.L. 480 is the major vehicle for the United States' Food for Peace Program. In this respect, P.L. 480 stands out as an act of good faith in human relations: The United States, through sharing its abundant food and fiber, demonstrates its willingness to help strengthen the newly developing countries.

Moving farm products

By far the most significant accomplishment of P.L. 480 is that, under Title I, it has moved millions of tons of food each year from U.S. farms to foreign ports. Seventeen percent of what U.S. farmers have sold abroad in the last 8 years was shipped under this authorization. Every major commodity is represented in these sales—wheat, feed grains, rice, cotton, tobacco, dried milk, fruits, meat, and many more.

Since 1954, 44 dollar-short countries with a total population of 1.4 billion have received $5.6 billion worth of food and fiber in exchange for their own currencies. The biggest participant to date is India, which has entered into agreements to purchase commodities valued at more than $2 billion. Other large purchasers, in order, have been Pakistan, Yugoslavia, Spain, Poland, United Arab Republic, Turkey, Brazil, and Indonesia.

Although Title I agreements are made between governments, the actual export sales are made by U.S. business firms through normal channels. Over the years the program has enabled countries to purchase with their own currency far more than would have been possible if dollars had been required. And these currencies have been put to use in a variety of beneficial ways by both the United States and its trading partners.

The United States has used a portion of the funds to finance its expenses in these countries, such as defense support, educational exchanges and research. A major part

* The Agricultural Trade Development and Assistance Act of 1954.

Above, first shipment of P.L. 480 corn arrives in Karachi. Right, Tunisian officials inspect U.S. wheat which will help pay workers on community projects.

has been used to develop and expand markets for U.S. farm products. The highly successful poultry market promotion in West Germany, for instance, was initially financed in this way. U.S. foreign trade fair exhibits and trade centers have gotten part of their financing from the same source.

One effect of these development program has been to build bigger long-range dollar markets for U.S. farm products. Experience has shown that countries that get to know U.S. products as a result of foreign currency purchases tend to become good dollar customers when they grow more prosperous.

For instance, Japan, once a Title I customer, is now our biggest cash market for farm products. Spain, which originally purchased U.S. soybean oil for pesetas, has become our largest dollar buyer of that commodity. And Italy, formerly a Title I wheat buyer, is a leading commercial outlet for U.S. hard wheat.

Helping foreign economies

The impact of P.L. 480 food sales on the economies of developing countries is twofold. When underemployed people are put to work, their energy requirements are greater. Also, their incomes increase and plentiful food is needed to prevent inflated food prices. The apparent gain in India's per capita food consumption in the last few years could not have occurred were it not for the large quantities of grain supplied by outside sources, mostly through P.L. 480 shipments.

Furthermore, a large percentage of the currencies generated from these sales is used to finance economic development. As shipments are made to a country, the payment in local currencies is deposited in the account of the U.S. Embassy in that country. Then, a predetermined part of this account may be granted or loaned back to the recipient country for development programs administered by AID (Agency for International Development).

Grants and loans—including loans to private enterprise—have accounted for more than two-thirds of all currencies accrued from P.L. 480 sales. Of the amounts distributed so far, over 41 percent is being used to finance industrial development, and about 20 percent for agricultural projects.

P.L. 480 funds, for example, are financing part of the costs involved in the Indus River Basin Project in Pakistan. When completed in 10 years, the link canals from the Indus and its tributaries will carry as much water as Egypt expects from the High Aswan Dam. Since the Indus River system irrigates about 80 percent of West Pakistan's cultivated land, the well-being of the country's agriculture depends on this project.

When initiated on a wide scale, development projects have had a real impact in recipient countries. This is especially true in more advanced economies, such as that of Israel, the largest recipient of U.S. food assistance on a per capita basis. The $152 million worth of commodities shipped to that country, together with the investments financed by the sale of some of these, contributed importantly to the phenomenal Israeli economic growth during 1955-60. The commodities arrived in a period of high inflation and exerted a counter-inflationary effect by absorbing purchasing power. In 1959—the peak year of economic growth—P.L. 480 food imports and the resulting productivity accounted for a 2-percent rise in Israel's gross national product.

Food grants to governments

Under Title II of the law, some 60 countries have received grants of U.S. food valued at $797 million. Much of this food was granted on a government-to-government

U.S. surplus foods provide warm meals in Korea for refugees from the country's Communist north.

Another Korean relief scene—here villagers whose homes were damaged by a severe flood unload U.S. flour from a helicopter.

basis for the victims of disasters—earthquakes, droughts, floods, locust plagues—and for refugee and child-feeding projects.

Disaster and refugee relief is a never-ending task in many parts of the world. Since 1958, the United States has given almost 147,000 tons of food to the 350,000 refugees who fled Algeria into Morocco and Tunisia. A grant of wheat flour and dry milk went to Italy to feed some 4,000 refugees from Communism. A $5.5-million food grant was made in 1962 to help ease famine in drought-stricken Northeast Brazil. Food grants to the Congo in 1962 exceeded $2 million.

The United States also makes food grants to underdeveloped countries through the World Food Program. Undertaken last year by the United Nations and the Food and Agriculture Organization, this 3-year experiment allows many countries to participate in supplying food and financial assistance to countries that need this help. Thus far, a total of $88 million has been pledged, of which the United States is supplying $40 million in commodities and $10 million in cash and ocean transportation services.

Looming large in Food for Peace plans at the present time is the greater use of this section of the law—Title II—to make food grants specifically for economic development. In some areas this food is used as wages to pay workers who are building roads, schools, or other community facilities.

U.S. wheat is being furnished India, for example, as part payment of wages to workers engaged in restoring abandoned irrigation systems in West Bengal—a program that will provide work for thousands of otherwise unemployed persons. Food-for-wages grants have also been initiated in Brazil, Ecuador, Bolivia, Afghanistan, Taiwan, Dahomey, Ethiopia, Iran, Korea, Morocco, Tanganyika, and Tunisia.

Relief agency donations

The third subdivision of P.L. 480—Title III—also extends food aid to countries where the need is great. But this program differs from the grant program in that the donations are made to U.S. and nonprofit relief agencies, which in turn distribute the commodities to needy persons overseas. At present, there are donation programs in 110 countries, operated by 19 agencies, such as CARE, Catholic Relief Services, Church World Relief, Lutheran World Relief, and United Nations Children's Fund. Foods donated are identified as gifts of the American people.

Largest of the activities is child-feeding, mainly through school-feeding programs. U.S. food shipments now reach about 37 million children around the world, either through this program or through government-to-government grants under Title II. Foods supplied include dry milk, butter, vegetable oils, cornmeal, wheat, and flour.

A Brazilian project begun in 1961 has provided 40,000 metric tons of nonfat dry milk to supplement school lunches and to help pregnant women, infants, and children of preschool age. In Peru, the United States is cooperating with the government on a long-term school feeding program that will ultimately reach a million children. In fact, by the end of this year nearly one-quarter of Latin America's child population will have been served by similar feeding projects.

The barter program

Title III also authorizes the barter program, under which the U.S. Government contracts with private American business firms to exchange government-owned farm commodities for strategic or other materials produced in friendly countries. Barter, of course, existed before P.L. 480, but its scope was broadened by this legislation.

Up to date, surplus farm products valued at $1.5 billion have been exported under the barter program, and the strategic materials received in exchange have been stock-piled to meet national needs. Certain other goods have been acquired for the use of U.S. Government agencies and have been transferred to those agencies.

All over the world youngsters in underdeveloped countries are being fed from U.S. surplus food stocks. Right, hungry children in Calcutta line up for milk. Below, left, schoolboys in Peru get warm lunch, and right, tiny Chinese tot in Hong Kong is fed by his mother from a U.S. CARE package.

The barter program has helped foreign countries. It has meant increased employment and the better utilization of mining, processing, and manufacturing facilities. In turn, it has tended to make these countries better customers for farm and other products from the United States.

In 1962 the pace of the barter program was slowed while government stockpiling policies were studied by a committee appointed by the President. As a result of that committee's investigations, it is anticipated that in the future there will be less bartering for strategic material and more for items needed in the overseas programs of AID and the Defense Department.

This policy will help the United States' balance of payments problem. It is expected, however, that barter for strategic materials instead of foreign currency sales will continue in those countries whose currencies the United States cannot readily use in larger amounts.

Long-term credit

Long-term dollar credit is the newest phase of P.L. 480. Title IV, which authorized this, was added to the law in 1959. The first agreement, however, was not entered into until 1961. Then in 1962, the law was amended to permit agreements with private firms.

Under this authorization, low-interest credit for up to 20 years is allowed to countries that cannot afford immediate cash outlays. Agreements totaling more than $80 million have now been signed with 6 countries. In some cases these agreements represent a shift-over from foreign currency sales under Title I.

Typical of these agreements is the 3-year $8.6-million program entered into last year with the African republic of Liberia. Besides rice and wheat flour, the agreement provided mixed feeds for expansion of Liberia's poultry and livestock industry. The credit is being used to finance port facilities for grain storage and handling and feed mixing facilities, and to supply capital to private trade interests.

An impressive record

When the figures are added up, P.L. 480's record for the 8 years of its existence July 1, 1954, through June 30, 1962, is extremely impressive. Under Title I, $5.6 billion worth of U.S. farm products were shipped to underdeveloped countries to be paid for in their own currencies. Under Title II, $0.8 billion worth went abroad as emergency food grants and for economic development. Under Title III $1.2 billion worth of agricultural commodities was accounted for by donations, and $1.5 billion worth moved under the barter program. Title IV—agricultural products sold on long-term credit—accounted for $20 million.

The total is slightly over $9.1 billion. (This is in terms of the export market value of the commodities, except for Title II shipments which are in terms of acquisition and other costs.) And when export subsidies, freight, and other charges which the United States absorbs are added on, the sum comes to about $14 billion. This is a figure of considerable proportion. As an investment in meeting human needs and promoting the development of emerging nations, it has no counterpart.

U.S. Potato Shipments Helping Supply Europe

U.S. potato growers continue to fill orders from Western Europe, compensating for the potato shortage there. U.S. prospects for the rest of the season will depend on whether U.S. prices remain below European ones —which are now sharply up, at least in part because of the severe winter. That in turn may depend on the extent of the frost damage.

A number of European countries are shopping for potatoes. Portugal and Italy have ordered about 38,000 tons from the United States; about half has been shipped already and the rest is scheduled for loading by February 20. Since U.S. railroads provide heated, insulated cars, potatoes can be shipped immediately to the ports for loading on board ship. Portugal has issued import permits for 25,000 metric tons and is considering quotas for March. Italy is importing potatoes without requiring permits.

Sweden's import needs are estimated at about 100,000 tons. Spain, France, and England, which prohibit potato imports from North America, are looking for supplies in northern Europe. France has issued permits for 40,000 metric tons from Belgium and the Netherlands; England has authorized open individual licenses Feb. 1 to June 30, subject to cancellation.

Immediate cause of the shortage is the extreme cold that has prevailed in most European countries since mid-December. This has delayed or damaged the 1963 early crops in several Mediterranean countries; snow and frosts have extended even into southern Italy. The cold has also curtailed the movement of storage potatoes from the 1962 crops of major supplying countries in northern Europe, for most of these potatoes are stored under straw and soil in pits that cannot be opened in severe weather.

If there has been extensive frost damage, Europe will have a potato shortage again this spring. On February 7, the weather began to moderate in the Netherlands (a principal exporter), and farmers expected to examine their storage pits in a week or two if this continues.

EEC Export Subsidies Set on Wheat and Flour

The European Economic Community (EEC) decided on December 18, 1962, to permit payment of export subsidies on wheat and flour. This payment is in addition to the present arrangement allowing levy-free imports of approximately 15 percent more wheat than required to replace exported flour.

For wheat, the subsidy varies from $6 to $8 per metric ton, depending upon distance shipped; for flour, the maximum is $8 per ton. Individual member countries will decide whether they want to take advantage of the subsidy authority. However, the principal wheat and flour exporters, France and West Germany, will probably take full advantage; for Germany, the subsidy replaces a pre-EEC arrangement which had a larger ratio of levy-free wheat to exported flour than the present arrangement does.

EEC exports to nonmember countries the past 3 years averaged 1,245,000 tons of flour (grain equivalent) and 887,000 tons of wheat. The new subsidy will very likely stimulate flour exports, which have shown marked decreases since July 30 when the EEC began its grain trade control system.

FAS Revises Its Handbook For U.S. Cattle Exporters

One of the most widely used of FAS/USDA publications—*Guide for U.S. Cattle Exporters* (Agriculture Handbook No. 217)—has now gone into a second edition.

The new version adds 5 new countries to the 41 previous ones, updates many of the statistics and regulations.

As before, the survey includes many kinds of information useful to exporters of U.S. purebred dairy cattle. For countries that are or might become markets, it notes such items as breeds favored, sources and volume of recent imports, shipping costs, and regulations on production, quality, or health. For countries that are competitors, it offers such data as breeds sold, prices, customers and volume, export requirements, and special export techniques.

A questionnaire sent to all U.S. agricultural attachés brought in the material for the original publication. This material has now been supplemented through additions by the attachés, by government agencies in the countries concerned, and by the author himself from personal observations.

Copies of the Handbook may be purchased from the Superintendent of Documents in Washington (40c).

EEC, French Grain Output

(Continued from page 5)

the general price level. The results of the studies at the various price levels are as follows:

The EEC Commission made another projection estimating the Community's 1970 grain production, consumption, and trade on the assumption that there would be no change in current prices in the member countries and no change in total grain prices. On this basis, the EEC's import needs from outside in 1970 would be essentially the same as they are at present. Net imports of the Community would range from 8.4 to 10.0 million tons compared with a current average of about 9.2 million tons.

Taking into account the projection of French grain production at a price more than 20 percent above the present French level, 5.5 million additional tons would be produced in France above the figure which was projected assuming constant price and constant grain acreage. Other things being equal, this would mean that the projected EEC import needs would be reduced to between 2.9 million and 4.4 million tons.

These findings point up the significance of the price decision which is yet to be made by the EEC. The Commission's study suggests that if they choose a reasonable level for the unified price, then exporters to the EEC market would continue to enjoy access to the market at about the same level as at present. If, on the other hand, a high price level (close to the German price) is chosen, exports from the outside could be cut to a trickle.

Australian Meat Moves to the U.S.

Two ships left Australia the third week of January with 4,453,120 pounds of beef ,2,873,920 pounds of mutton, 486,080 pounds of lamb, and 6,720 pounds of variety meats for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
Eastern and Gulf ports				*Pounds*
Port Fairy [2]	New Orleans	Feb. 2	Mutton	336,000
Jan. 1	New York	Mar. 3	Beef	26,880
			Mutton	33,600
Northumberland	Savannah	Feb. 19	Beef	112,000
Jan. 19			Mutton	414,400
	Charleston	Feb. 21	Beef	221,760
			Mutton	67,200
	New York	Feb. 24	Beef	2,300,480
			Mutton	1,729,280
			Lamb	125,440
			Var. meats	6,720
	Boston	Mar. 3	Beef	311,360
			Mutton	324,800
			Lamb	224,000
	Philadelphia	Mar. 5	Beef	376,320
			Mutton	145,600
			Lamb	136,640
Western ports				
Ragna Bakke	Seattle	Mar. 13	Beef	403,200
Jan. 20	Portland	Mar. 17	Beef	284,480
	Los Angeles	Mar. 25	Beef	132,160
			Mutton	159,040
	San Francisco	Mar. 29	Beef	311,360
			Mutton	33,600

[1] Cities listed indicate location of purchaser and usually the port of arrival and general market area, but meat may be diverted to other areas for sale.

[2] In addition to amount reported in *Foreign Agriculture*, Feb. 11, 1963.

EEC Limits Pork Imports From Bloc

The Council of Ministers of the European Common Market has limited imports of pork from countries having state trading, to not more than 20 percent above imports during 1960 and 1961. Furthermore, if the market in one or more member countries is seriously disturbed, imports may be limited at some lower level.

EEC countries, particularly Germany and Italy, have been importing from Poland, Rumania, Bulgaria, and Hungary.

U.S. Imports of Livestock Products Rise

Imports of almost all major categories of livestock and meat products rose sharply during 1962.

One of the most notable increases was in imports of beef and veal, which rose 41 percent above the previous year to 971 million pounds and set a new record. Most of this meat was boneless beef from Australia, New Zealand, and Ireland. Imports of mutton, mostly boneless, at 65 million pounds were nearly double the 1961 total.

Wool imports were up 9 percent as sharply increased imports of apparel types offset a 10-percent drop in purchases of carpet wools.

Imports of hides and skins were above the previous year, except for calfskins (down 12 percent) and sheep and lamb skins (off a little more than 1 percent).

Live cattle imports from Canada and Mexico in 1962 at 1.2 million pounds were a fifth larger than in 1961 and set a record.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Item	December		January/December	
	1961	1962	1961	1962
Red meats:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Fresh, frozen, canned, and cured beef and veal	52,719	86,062	665,271	947,819
Other meats [1]	1,295	910	23,868	23,126
Total beef and veal	54,014	86,972	689,139	970,945
Pork	15,805	17,620	173,730	203,787
Mutton	2,220	11,103	44,903	64,991
Lamb	1,599	1,566	10,943	13,139
Total red meat	73,638	117,261	918,715	1,252,862
Variety meats	279	406	1,976	3,060
Wool (clean basis):				
Dutiable	8,852	14,441	90,330	126,001
Duty-free	7,802	12,830	157,448	143,493
Total wool	16,654	27,271	247,778	269,494
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and skins:				
Cattle	51	25	293	411
Buffalo	38	20	502	730
Calf	46	30	764	669
Kip	81	49	661	778
Sheep and lamb	973	823	27,903	27,489
Goat and kid	1,012	983	13,700	14,365
Horse	44	27	392	488
Pig	85	91	743	1,592
	Number	*Number*	*Number*	*Number*
Live cattle [2]	132,746	201,426	1,042,701	1,250,029

[1] Other meat, canned, prepared, or preserved. [2] Includes cattle for breeding.

U.S. Department of Commerce.

New Zealand Freeze-Drying More Meat

The freeze-dehydrated meat plant in Invercargill, New Zealand (*Foreign Crops and Markets*, December 17, 1962) reportedly has more orders than it can fill and is planning further expansion.

Freeze-drying of meat is comparatively new but promises to show rapid growth.

Japan Reduces Pork Surplus

Japan's Livestock Promotion and Stabilization Corporation has reduced surplus stocks of pork 7.2 million pounds by sales on the domestic market. The remaining 2.8 million pounds is expected to be liquidated soon. (*Foreign Crops and Markets*, June 4, 1962.)

The Corporation, a semigovernmental agency, purchased almost 10 million pounds of boneless pork in 1962 to support domestic prices. Wholesale pork prices have been high in recent months, and are forecast to remain relatively stable during the spring months despite an increase in hog marketing. Therefore, further support purchases by the Corporation are considered unlikely during 1963. The current wholesale price of carcass pork in Tokyo is 43.4 cents per pound.

Mexican Tomato Growers Plan Cannery

Members of the Culiacan River Farm Association hope to raise $280,000 to build a canning plant in Mexico and export canned tomatoes to the United States.

The Association has established a fund based on 5 centavos per kilo (0.2 cent per lb.) on tomato exports, to be made only when prices are above $2.25 a lug.

Raisin Price Competition Sharp in Japan

Wholesale raisin prices in Japan weakened during January, then declined 0.8 to 1.1 cents per pound for California raisins and 0.6 to 0.8 cent for Greek and Australian raisins.

At the end of January, wholesale prices were quoted in Japan as follows:

	Cents per pound
U. S. No. 1	19.7-20.8
U. S. No. 2	19.4-20.6
Greek	12.8-13.6
Australian	12.5-13.3

Though the Greek and Australian prices were not related to specific grades, they probably apply to fairly good grades.

The Japan Dried Fruit Importers Association has reportedly decided to import $300,000 worth of 1962-crop raisins from Iran. This decision was made partly in response to current efforts by the Japanese Government to stabilize Japanese-Iranian trade.

1962 Spanish Almond Estimate Small

The 1962 Spanish almond harvest estimate has been reduced to 22,500 short tons. This is considerably below the record 38,000-ton 1961 harvest and also less than average 1955-59 production of 24,000.

SPAIN'S SUPPLY AND DISTRIBUTION OF ALMONDS
(Shelled basis)

Item	1961	1960	Forecast 1962
	1,000 tons	*1,000 tons*	*1,000 tons*
Beginning stocks, September 1	7.0	6.0	4.5
Production	32.0	38.0	22.5
Total supply	39.0	44.0	27.0
Exports	27.5	33.0	20.0
Domestic disappearance	5.5	6.5	5.5
Ending stocks, August 31	6.0	4.5	1.5
Total distribution	39.0	44.0	27.0

Spanish almond exports for the 1962-63 season are expected to reach only 20,000 short tons, shelled basis. During the first 3 months of 1962-63 season (September-November) Spain's almond exports were estimated at about 6,900 tons. In 1961-62 Spain exported 33,000 tons of almonds.

If present export indications hold, carryover almond stocks, on September 1, 1963, should be the smallest in recent years.

Since the first of the year, Spanish almond prices have weakened slightly, and in early February 1963, unselected Valencia almonds were quoted at about 70.5 cents per pound, f.o.b. Spanish port. This price, however, is well above the 50 cents quoted a year earlier.

Canned Fruit and Juice Prices in London

Selling prices in London—landed, duty paid—of canned fruits and juices in January 1962, October 1962, and January 1963 are compared as follows:

Type and quality	Unit	Price per dozen units: Jan. 1962	Oct. 1962	Jan. 1963	Origin
		U.S. dol.	*U.S. dol.*	*U.S. dol.*	
FRUIT	*Cans*				
Apricots					
Whole, unpeeled, choice	303	2.06	2.60	2.60	U. S.
Halves:					
Choice	2½	3.50	3.43	3.36	S. Africa
Do.	2½	3.85	4.59	4.59	U. S.
Standard	2½	3.28	3.29	3.15	Australia
Do.	2½	3.29	3.29	3.15	S. Africa
Do.	2½	(1)	4.16	4.16	U. S.
Do.	10	11.27	(1)	10.71	S. Africa
In water	[2] 5 KG	12.46	14.70	14.70	Spain
Peaches					
Halves:					
Choice	2½	3.50	3.43	3.36	Australia
Do.	2½	3.50	3.43	3.36	S. Africa
Do.	2½	3.45	3.23	3.46	U. S.
Standard	2½	3.29	3.29	3.15	Australia
Do.	2½	3.29	3.26	3.15	S. Africa
Do.	2½	3.29	3.08	(1)	U. S.
Do.	1	2.00	1.92	1.89	Australia
Do.	1	2.00	2.03	1.89	S. Africa
In syrup	14 oz.	1.96	2.00	2.00	Spain
Choice	303	2.28	2.19	2.31	U. S.
Pears					
Halves:					
Choice	2½	4.13	3.78	(1)	Australia
Do.	2½	3.68	3.64	3.68	S. Africa
Do.	2½	4.43	4.34	3.85	U. S.
Standard	2½	3.57	3.47	3.40	S. Africa
Do.	1	2.24	1.75	1.68	Australia
In syrup	15½ oz.	2.12	2.00	2.12	Italy
Fruit cocktail					
Choice	303	2.48	2.36	2.32	U. S.
Do.	14 oz.	2.31	2.14	2.14	Spain
Do.	8 oz.	1.46	1.37	1.34	U. S.
Grapefruit					
Sections:					
Fancy	303	2.08	2.12	2.34	U. S.
No. 2	20 oz.	(1)	2.87	2.87	Israel
Quality not specified	20 oz.	2.66	2.62	2.73	W. Indies
Pineapple					
Slices:					
Fancy	2½	(1)	3.27	3.22	Taiwan
Do.	2	3.55	3.57	3.57	U. S.
Choice	16 oz.	(1)	1.74	1.64	S. Africa
Standard	16 oz.	(1)	1.68	(1)	Australia
Spiral stand	[3] 16 oz.	1.68	1.64	2.01	Malaya
JUICES					
Single strength:	[4]				
Orange	2	1.75	1.55	(5)	U. S.
Do.	2	1.75	1.96	(5)	W. Indies
Do.	19 oz.	1.86	1.96	(5)	Israel
Do.	46 oz.	4.11	3.66	(5)	U. S.
Grapefruit	2	1.38	1.27	(5)	U. S.
Do.	2	1.75	1.68	(5)	W. Indies

[1] Not quoted. [2] Per case of 10 cans. [3] G.A.Q. [4] Does not include estimated purchase tax of 16.5 percent. [5] Most quotations withdrawn because of Florida frost.

Japan Revises Dried Fruit SO_2 Tolerances

Officials of the Japanese National Hygiene Institute have confirmed that on January 18 a final decision was reached to raise the sulphur dioxide tolerance level on dried apricots and peaches.

The official announcement which is expected soon will

raise the tolerance level to 2,000 parts per million, double the current level. The Institute rejected a recommendation to raise tolerance rates on other dried fruits.

Mexico Permits Imports of Avocados

The Mexican Department of Agriculture has announced that it will permit imports of about 300 tons of avocados because of short domestic supplies.

It is understood that the imports will be to the areas immediately bordering the United States.

1962 Spanish Filbert Harvest Unchanged

The 1962 Spanish filbert harvest is estimated at 16,000 tons, unshelled basis, unchanged from earlier reports. This is considerably larger than the 12,000-ton 1961 crop but slightly below average 1955-59 production of 17,000 tons.

According to present indications, Spain's export shipments of filberts during the 1962-63 season may reach 9,800 tons, unshelled basis. During the first 3 months (September-November) of the 1962-63 season, filbert exports amounted to almost 2,000 tons, unshelled basis. Spanish exports of filberts in 1961-62 totaled 8,700 tons.

French Walnut Production Up

The 1962 commercial walnut crop in France is now estimated at 31,000 tons, unshelled basis, a 52-percent increase over the 1961 crop of 20,400 tons. The 1962 crop is also substantially larger than the 22,200-ton 1955-59 average.

The regional breakdown of 1962 commercial production is 23,800 tons in the Bordeaux area and 7,200 tons in the Grenoble area. Noncommercial production in 1962 amounted to 8,700 tons.

FRANCE'S SUPPLY AND DISTRIBUTION OF WALNUTS
(Unshelled basis)

Item	1961	Forecast 1962
	Tons	*Tons*
Beginning stocks, October 1	——	——
Commercial production	20,400	31,000
Imports	200	——
Total supply	20,600	31,000
Exports [1]	12,100	21,500
Domestic consumption [1 2]	8,500	9,500
Ending stocks, September 30	——	——
Total distribution	20,600	31,000

[1] Shelled portion converted to unshelled at 2.5 to 1. [2] Includes losses, waste, and quantities pressed for oil.

French walnut exports in the 1962-63 marketing season may exceed 21,000 tons, unshelled basis. This would be considerably greater than last season's exports, and the largest since the 1955-56 season.

End of season stocks are again expected to be negligible.

Current export prices are materially lower than the opening levels and those prevailing a year ago. Bordeaux light halves are quoted at 68 cents per pound, prompt delivery, f.o.b. France. In November 1962 the comparable price was over 84 cents, and in January 1962 it was over 94 cents. Light halves from Grenoble are quoted at 64-68 cents. F.O.B. quotations on unshelled stock are as follows:

	Cents per pound
Cornes (extra), 27mm and up	22.7—27.2
Marbots (extra), 28mm and up	27.2—31.8
Other Bordeaux varieties	20.4—22.7
Grenoble varieties	29.9—31.8

Of possible future significance are reports that the long-time downward trend in French walnut tree numbers is ending. Reportedly, some areas have new plantings and improved practices in response to generally satisfactory returns in recent years. Some sources indicate that new plantings have averaged around 15,000 trees annually in the past 2-3 years.

FRANCE'S EXPORTS OF WALNUTS

Destination	1961 season	
	Unshelled	Shelled
	Tons	*Tons*
United States	——	133
Belgium-Luxembourg	218	72
Denmark	213	46
Germany, West	4,577	218
Germany, East	223	——
Netherlands	393	79
Norway	404	24
Sweden	374	64
Switzerland	570	200
United Kingdom	161	786
Algeria	572	16
Others	83	96
Total	7,788	1,734
Total 1960 season	12,279	2,737

U.S. Imports Less Cotton Linters

U.S. imports of cotton linters, mostly felting qualities, totaled 46,000 bales (500 pounds gross) during the first 5 months (August-December) of the current season. This was a decline of 41 percent from the 78,000 imported in the corresponding period of the previous season. Linters imports during December totaled 13,000 bales, compared with 7,000 in November and 16,000 in December 1961.

Principal sources during August-December 1962, with comparable 1961 figures in parentheses, were: Mexico 26,000 bales (55,000); Brazil 7,000 (3,000); USSR 5,000 (11,000); Guatemala 4,000 (3,000); and El Salvador 3,000 (2,000).

Thai Monopoly Alters Cigarette Blends

The Thai Tobacco Monopoly recently lowered the blending percentages for imported tobacco contained in a number of important brands of cigarettes. Imports of leaf are almost entirely of U.S. origin. The change results from the availability of better domestic tobacco from the 1962 crop.

Kled Thong, the biggest selling brand, now contains 50 percent imported tobacco compared with the former 55 percent; Moon 10 percent (15 percent); Samit 70 percent (75 percent). Gold City regular and king-size brands still contain 100 percent imported leaf.

Sales of brands containing imported tobacco continued to rise in 1962 when 9,250 million pieces were sold, compared with 8,973 million in 1961. A further small increase is forecast for 1963. Because of the reduced blending percentages for imported leaf, however, total use of U.S. leaf by Monopoly factories in 1963 may not equal the 10.5 million pounds used in 1962.

Iran Bans Foreign Cigarettes

Effective January 19, 1963, the Government of Iran imposed a ban on imports and local consumption of foreign cigarettes. This measure reportedly was adopted to protect the interests of local planters and workers.

Until recently, foreign brands of cigarettes have been available from (1) imports made directly by the Tobacco Monopoly; (2) duty-free imports which were made by diplomatic missions for their own personnel, and which sometimes appeared on the open market; (3) smuggling, particularly along the southern borders.

To provide cigarettes similar to those formerly imported, the Monopoly reportedly will produce three improved brands made from a blend of locally grown Virginia (flue-cured), Basma, and Trabizon leaf. Initial plantings of flue-cured were made in 1962.

The United States has been the principal supplier of imported cigarettes to Iran. In 1961 direct exports to that country totaled 17.4 million pieces. Indications are, however, that considerable quantities exported from the United States to Kuwait actually were consumed in Iran.

Mexico Removes Tobacco Export Duties

In mid-December 1962, the Mexican Government removed all export duties on leaf tobacco exports. These items had been assessed an ad valorem duty of 1 percent.

This action will assist tobacco exporters in Mexico in moving more leaf into export channels.

India's Flue-Cured Exports Set Record

India's exports of flue-cured tobacco during the first 10 months of 1962 exceeded all previous calendar years. Shipments totaled 107.7 million pounds and went mainly to the United Kingdom, the USSR, East Germany, Poland, Yugoslavia, Hungary, the Netherlands, and Belgium.

Shipments to the United Kingdom totaled 39.7 million pounds, valued at the equivalent of 55.7 cents per pound compared with 44.4 cents in calendar year 1961. Exports to the USSR amounted to 30 million pounds, valued at 20.9 cents per pound in contrast with 13.2 cents. Exports to Poland totaled 11.7 million pounds (9.8 cents per pound), Yugoslavia 7 million (11.5 cents), East Germany 6 million (31 cents), Hungary 1.1 million (1.6 cents), the Netherlands 2.7 million (16.1 cents), and Belgium 2 million (17.6 cents).

Exports of all kinds of unmanufactured tobacco during January-October 1962 totaled 125.6 million pounds, compared with 106.3 million for the full calendar year 1961. The USSR took 32.9 million pounds, Poland 12.5 millon, Yugoslavia 8.2 million, East Germany 6 million, Hungary 2.6 million, and Czechoslovakia 0.2 million.

Argentine Cigarette Output Up Slightly

Cigarette output in Argentina during the first half of 1962 totaled 11.5 billion pieces—up slightly from the 11.4 billion produced in January-June 1961.

The increase in dark cigarettes more than offset the decline in light cigarettes. Output of dark cigarettes rose to 6.2 billion pieces from 5.8 billion in January-June 1961, while the production of light cigarettes, at 5.3 billion pieces, was 6.4 percent below the 5.6 billion produced during the first 6 months of 1961.

U.S. Sugar Quotas Announced

On February 5, 1963, the U.S. Department of Agriculture announced the quantities of sugar that have been charged to the global sugar quota and the basic foreign country sugar quotas as of the close of business February 1.

Quantities charged to the quotas represent the quantities that collectors of customs have been authorized to release upon importation and the quantities covered by approved applications for the set-aside of quota.

Of the total quota withheld from Cuba—amounting to 1,504,341 tons, raw value—1,100,000 tons has been released for purchase and importation on or before September 30, 1963, and 404,341 tons has been retained by the Department of Agriculture for later release. The entire 1,100,000 tons released has been assigned to countries on the basis of approved quota set-aside applications.

1963 SUGAR QUOTAS AND CHARGES TO THEM AS OF FEBRUARY 1
(Raw value)

Country	Basic country quota	Charges to basic country quota	Charges to global quota	Total quota charges
	Tons	*Tons*	*Tons*	*Tons*
Philippines	1,050,000	149,404	0	149,404
Dominican Republic	322,152	60,360	172,623	232,983
Peru	192,152	39,892	184,388	224,280
Mexico	192,152	75,763	0	75,763
Brazil	182,416	0	282,659	282,659
British W. Indies	91,351	28,437	0	28,437
Australia	40,378	10,836	86,672	97,508
China, Republic of	35,510	0	31,500	31,500
French W. Indies	30,355	0	65,849	65,849
Colombia	30,355	0	46,144	46,144
Nicaragua	25,200	0	15,300	15,300
Costa Rica	25,200	0	10,100	10,100
Ecuador	25,200	0	18,272	18,272
India	20,332	0	53,000	53,000
Haiti	20,332	0	5,854	5,854
Guatemala	20,332	0	12,780	12,780
S. Africa	20,332	0	52,163	52,163
Argentina	20,000	9,200	13,559	22,759
Panama	15,177	0	0	0
El Salvador	10,309	0	6,500	6,500
Paraguay	10,023	0	0	0
British Honduras	10,023	0	0	0
Fiji Is.	10,023	0	12,230	12,230
Ireland	10,000	5,000	0	5,000
Belgium	182	182	7,662	7,804
France	0	0	12,285	12,285
Reunion	0	0	10,500	10,500
Totals	2,409,486	379,074	1,100,000 [1]	1,479,074
Global quota retained by USDA			404,341 [2]	
Total global quota			1,504,341	

[1] For importation on or before Sept. 30, 1963.

[2] This quantity has been retained for later release and thus could not be charged to the quota at this time.

India Plants Less Mesta in 1962-63

According to the 1962-63 second official estimate, the area planted in mesta, a type of kenaf grown in India, is placed at 824,000 acres. This is 9.9 percent less than the area planted in 1961-62. The second usually represents roughly 95 percent of the area finally reported. Unfavorable weather at planting time caused the acreage decrease.

Of the total 91,000 fewer acres planted to mesta this season, Bihar accounted for 71,000 and West Bengal for 12,000. In Orissa, Mysore, and Assam States, there were small increases of 1,000 and 6,000 acres, but all other States registered decreases. Mesta and jute are used in the manufacture of burlaps and bagging.

Smaller Zanzibar Clove Crop Seen

Zanzibar's 1962-63 (July-June) clove crop is estimated at 10.3 million pounds, compared with 33.4 million for the previous season and 14.3 million from the 1960-61 harvest. Cloves are not expected to be in tight supply, however, as the Clove Growers Association currently has a stockpile of approximately 47 million pounds. Zanzibar usually supplies about 80 percent of the cloves entering world trade.

U.S. Cocoa Bean Imports Down in 1962

U.S. imports of cocoa beans during 1962 totaled 639.5 million pounds, down 18 percent from the record 1961 imports of 776.3 million. African producers remained the largest suppliers to the U.S. market, accounting for over two-thirds of this country's imports. The United States usually buys nearly a third of world cocoa bean exports.

U.S. Imports of Coffee Set Record

Total imports of green coffee into the United States in 1962 amounted to 24,519 million bags (132.276 lb.), valued at $988 million. This compares with 22,393 million bags valued at $961 million in 1961, increases of 9.5 and 2.8 percent, respectively. The volume set a record.

New Sugar Mills for Vietnam and Libya

Libya and Vietnam are planning the building of mills for the processing of their domestic sugarcane production. In Vietnam, a new mill for the processing of local sugarcane is planned at Tuy Hoa with a capacity of 18,000 metric tons per year. The new mill will bring Vietnam's total sugar production from local sugarcane very close to the present consumption of white refined sugar.

The company plantation at Tuy Hoa will consist of 1,062 acres. In addition, the mill will be supplied with about 180,000 tons of cane per year from 6,590 acres of private farms. The mill, which is planned for completion in about 2 years, is expected to produce 12,000 tons of white refined sugar during the first year it is in operation.

In Libya, construction of a beet sugar mill with a capacity of 1,500 tons of beets per day has been proposed. The mill is to produce 22,000 tons of refined sugar per year, and should cost $7.5 million. Total land needed for beet plantings will be 49,420 acres. Production costs for beets, estimated at $823 per acre, would result in a sugar cost of about $175 per metric ton and a retail price of $294 per ton, fixed by the government. For imported sugar, the average cost is $112 per ton plus a duty of $73 per ton.

Japan Will Need More Beans

U.S. exports of pulses to Japan, which usually run 5,000 to 6,000 tons annually, have already come to 5,496 tons in the first quarter of the current marketing year.

Japanese bean production has recently been revised downward from 136,900 metric tons to 100,700. This compares with a production of 129,800 tons in 1961 and the 1955-59 average of 154,950. Unfavorable late-season weather reduced the 1962 bean crop and production of other pulses also was down.

Japan usually imports 60,000 to 80,000 metric tons of pulses annually, mostly from Burma and Communist China. In Burma, the pulse production decreased, cutting down a regular source of supply. Trade sources report that recently an agreement was made to import 30,000 tons of 1962-crop beans from Communist China, a tonnage that China usually supplies to Japan.

Thailand Exports Less Corn to Japan

Under the Thai-Japan corn agreement for the current crop, Thailand will ship 75,000 metric tons of corn to Japan during February. This will bring the total of current crop shipments to 395,000 tons, within 5,000 tons of the contract. Shipments in 1961-62 totaled 589,000 tons.

Brazil To Harvest Record Soybean Crop

Brazil's 1963 soybean harvest is expected by the trade to reach a record 12,860,000 bushels from 716,590 planted acres. This would be one-fourth above the 10,288,000 bushels estimated, also by the trade, to have been harvested from 518,910 acres in 1962.

Increased acreage was stimulated by the high prices farmers received for 1962-crop beans, and excellent weather in the growing season is expected to result in high yields.

Prices in October and November were well above the minimum price expected to be paid for the 1963 crop. Should prices remain favorable for the rest of this year, a further acreage expansion could be expected for harvest in 1964, and, if the crop continues attractive to farmers, production could continue to increase annually. But any difficulty in disposing of a crop surplus in foreign markets would result in a price drop that would obligate the Bank of Brazil to buy the crop at the minimum price. However, more centralization of the livestock industry and the use of new feeding techniques could alleviate such a situation.

Brazil's exports of soybeans in the first 8 months of 1962 totaled 2.4 million bushels, with the major markets West Germany, Spain, and Taiwan. Exports in calendar year 1961 were 2.7 million bushels, sent principally to Italy, West Germany, and the Netherlands.

Soybean meal exports during January-August 1962 totaled 26,823 short tons compared with calendar 1961 exports of 38,628 tons. Most went to West Germany.

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Thailand's Soybean Production Up Slightly

Thailand produced 907,560 bushels of soybeans from 57,330 planted acres in 1962. This represents a slight decline compared with the 889,190 bushels produced from 58,995 acres a year earlier.

Exports, however, declined to 68,875 bushels, compared with 76,830 in 1961. In 1960, they had reached 148,921. Malaya, Singapore, and Penang continued to be the principal destinations.

There is a slow movement by the government toward achievement of increased soybean cultivation. A variety test on soybeans was conducted at two experimental stations in 1960-61 for the first time and again in 1961-62. In the next few years, slight annual increases are expected, which will result in a small surplus for export. As irrigation projects are developed permitting better water control and moisture for second crops, soybeans will increase because they fit in well as a second crop. It will be several years, however, before these projects are in full operation.

West Germany Imports More Cheese and Butter

West Germany imported 217 million pounds of cheese in the first 10 months of 1962, an increase of 14 million pounds over comparable 1961.

Almost half of 1962 imports came from the Netherlands. Among other suppliers were: Denmark 72 million pounds (70 million pounds in 1961); France 14 million (9 million); Belgium 6 million (2 million); Switzerland 5 million (6 million); Sweden 4 million (2 million); Finland 4 million (4 million); and Italy 2 million (2 million).

Butter imports were up 45 percent to 61 million pounds. France, the principal supplier, shipped 16 million pounds in both years. Other major sources were: The Netherlands 10 million pounds (7 million); Denmark 9 million (6 million); Sweden 7 million (5 million); New Zealand 5 million (428,000).

Under a system of import licenses, quotas, and import duties, the Government of West Germany has rigidly controlled imports of certain dairy products. Official import authorizations may designate the sources of imports, quality specifications, and dates of delivery.

In 1962, import quotas for butter totaling nearly 42 million pounds were issued between June and December. Of this quantity, less than 1 million pounds was allocated to the United States, which is not a traditional supplier.

Common Market Lowers Levy on Poultry

The European Economic Community (Common Market) recently announced that the supplemental gate price levy on imported broilers and fowl would now be 2.27 cents per pound instead of the 2.84-cent levy in effect since early November. The supplemental levy is in addition to the regular levy of 9.72 cents per pound for West Germany, the United States' largest European market. In combination, these two levies equal 12 cents per pound, which is now the total levy on U.S. poultry imported into Germany.